



# NEWS TO USE

A newsletter for PERSI Employers

November 2002

- Voluntary contributions vs. buybacks
- Keep copies of Beneficiary Designations

## Don't confuse "Voluntary Contributions" with "Buybacks"

In the past, the terms "voluntary contributions" and "buybacks" were interchangeable. Since PERSI started the Choice Plan, however, the words are no longer interchangeable. Now, voluntary contributions are ONLY voluntary employee payroll deductions to the PERSI Choice Plan. Buybacks are remittances a member makes via payroll deduction for previously unreported contributions, a separation payback or an eligibility waiting period.

**Voluntary Contributions:** The PERSI Choice Plan allows employees to make voluntary contributions to a 401(k) plan. Contributions are tax deferred, and employees have a choice of investment options.

Effective July 2001, all active PERSI members have the legal right to make voluntary contributions to their PERSI Choice Plan 401(k) accounts. If you have more than 20 employees and just one employee wishes to make contributions, you will need to either 1) start reporting in the electronic format, or 2) begin using the PETRA Web-based software. All employers must be using the "as earned" reporting format by December 31, 2002.

To report voluntary contributions on your transmittal, create an additional line of information for the member and report the employee voluntary contributions in the "Contrib" column. Enter "Choice Plan" as the explanation in the "Contrib Source" column.

**Buybacks:** When a member is making a payment via payroll deduction for previously unreported contributions, a separation buyback or an eligibility waiting period, the payment should be reported as a record type 4. If the member is making payments on two or more invoices at the same time, the payments need to be listed in two (or more) separate records, and the appropriate invoice number should be listed in the "Invoice Number" field. If you don't know the invoice number, please call your Fiscal Technician.

### Using the Correct Record Type

Record type is the key to identifying which payroll reporting elements are necessary for a payroll entry. The following provides definitions and required

fields of information for each record type so you can determine which record type to use and what information to include on each payroll detail record.

#### Record Type 4

**When to Use:** Employee payment against a Base Plan financial account (repaying separation benefit, delinquent contributions) or loan payments.

Use this record type when a member is making a payment against an invoice for the purpose of purchasing service and for loan payments.

**+/- Amounts:** Contribution amount is normally positive but can be negative if correcting a previous error.

**Contribution Source Code:** Contribution source code for this record is "Remittance."

**Contribution Type Code:** Contribution type code for this record is "Mandatory" against invoices and "Loan" when repaying a loan.

So, the Source Code and Type Code would be **RM** for an employee paying against an invoice or **RL** for an employee paying back a loan.

#### Record Type 5

**When to Use:** Voluntary contributions to the Choice Plan

Use this record type when a member elects to make voluntary contributions to their previously established Choice Plan account.

**+/- Amounts:** When a member or employer makes a voluntary contribution, the amount is normally positive but can be negative if correcting a previous error.

**Contribution Source Code:** Contribution source code for this record is "Transmittal" for employee contributions or "Employer" for employer contributions.

**Contribution Type Code:** Contribution type code for

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# Voluntary and Buyback contributions continued from front page

this record is "Voluntary."

So, the Source Code and Type Code would be **TV** for employee voluntary contributions

## All Contribution Source and Type Codes

### Contribution Source Code

A one-letter code identifying the source of contributions being reported.

- R** Remittance  
Payment against an employee invoice or employee loan
- T** Transmittal  
All other contributions deducted from an employee's pay
- E** Employer  
401(k) contribution paid by the employer

### Contribution Type Code

A one-letter code identifying the type of contribution being reported.

- M** Mandatory
- V** Voluntary
- L** Loan Payment

### Valid Combinations of Contribution Source Codes and Contribution Type Codes

- TM** PERSI Base Plan contributions
- TV** Employee voluntary contributions
- RM** Employee paying against an invoice
- RL** Employee making loan payments
- EV** Employer contributions to employee 401(k) plan

## How to Send Payments for Voluntary Contributions

### If you send Checks:

**Separate** checks must be submitted for each of the following types of payments:

1. Base Plan (items a, b and c may be submitted together on one check)
  - a) Employee & employer contributions to the Base Plan
  - b) Adjustments
  - c) Buyback payments (remittances)
2. Choice Plan employee contributions
3. Choice Plan employer contributions along with a spreadsheet (on diskette or electronically submitted) indicating the dollar amounts going to specific individuals.

Currently, employer contributions can only be made on a quarterly basis.

### 4. Choice Plan employee loan payments

When submitting payment to PERSI, we do need some way to reconcile the check(s) to the transmittal. The best way to do this is to put the following information on the check stub:

- Employer name
- Employer number
- Payroll cycle beginning and end dates
- Type of payment (Base or Choice Plan items 1 - 4 above)

### Examples:

City of Spudland C111 3/1 - 3/31/2002 Base

County of Tater K009 3/1 - 3/31/2002 Choice loan

### If you pay via Easy Pay:

Follow the telephone prompts. There is one location number for the Base Plan and one for the Choice Plan.

The above, and other reporting information, is always available in your PERSI Employer Payroll Reporting Manual on our website at [www.persi.state.id.us/html/employerinformation.htm](http://www.persi.state.id.us/html/employerinformation.htm)

## Keep Beneficiary Designation forms for your records

- Keep yellow copy in employee's personnel file
- Tell employee to keep pink copy for their own reference

We receive countless requests from people wanting to see copies of their Beneficiary Designation (RS-115) forms. It is time consuming and expensive for us to supply these, particularly since two additional copies of the form should be quickly available - one that the employee should have and one that the employer should have.

The form states that the pink copy is for the employee and the yellow copy is for the employer. When handling these forms, please make sure you and your employee keep copies. Thank you for your help with this.